



U.S.-KOREA TRADE AGREEMENT

New Mexico Farmers Will Benefit

December 2010

The U.S.-Korea Trade Agreement, known as the KORUS agreement, will immediately eliminate duties on nearly two-thirds of current U.S. agricultural exports to Korea and gives U.S. exporters improved access to the Korean market for many products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The KORUS agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of New Mexico agricultural products, including dairy, beef, and tree nuts. New Mexico's agricultural exports to all countries, estimated at \$262 million in 2009, supported about 2,100 jobs, on and off the farm. These export sales make an important contribution to the New Mexico farm economy, which had total cash receipts of \$2.7 billion in 2009.

Cattle and Beef. New Mexico's cattle and calf industry is the state's leading agricultural industry with cash receipts of \$1 billion in 2009. Under the KORUS agreement

- For beef muscle meats, the agreement provides a 15-year straight-line tariff phase out of the 40 percent tariff reaching duty-free access in Year 15.
- For beef offals and variety meats, the agreement provides a 15-year straight-line phase out of the 18 percent tariff reaching duty-free access in Year 15.

Dairy Products. Dairy products are the state's second largest source of farm cash receipts with \$950 million, 35 percent of all farm receipts, and the nation's 6th largest exporter of dairy products. Under the KORUS agreement:

- Duty-free tariff-rate quota (TRQ) will be established for cheese, skim/whole milk powder, food whey, and butter.
- U.S. feed whey exports, which totaled \$8 million in 2009, will gain duty-free access to the Korean market immediately upon implementation.

Tree Nuts. Pecans are New Mexico's fourth largest source of farm cash receipts totaling \$120 million, and the state is the nation's third largest exporter of tree nuts. The KORUS agreement will provide many benefits to the tree nut farmers.

- Current duties on tree nuts range from 8 to 45 percent. Almonds and pistachios will become duty free immediately.
- Shelled walnuts will be duty free within 6 years.
- The 30 percent tariffs on pecans and pine nuts will be phased out over 7 and 15 years, respectively.

Selected Agricultural Product Exports For FY 2009 (Oct. 2008-Sept. 2009)		
Product	U.S. to World	New Mexico to World
Cattle and Beef	\$8,906,548,162	\$5,205,127
Dairy Products	\$2,335,300,000	\$103,088,741
Tree Nuts	\$3,495,202,283	\$42,424,671
Agricultural Total	\$96,632,192,779	\$262,050,804

Compiled by ERS using data from Census Bureau, Commerce and NASS.

Note: All State export figures used herein are estimated on a fiscal year basis (October-September) by USDA's Economic Research Service (ERS); all State cash receipt figures are compiled by USDA's National Agricultural Statistics Service (NASS) and ERS on a calendar year basis.

For questions about the U.S.-Korea Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs at (202)720-7115 or LPA@fas.usda.gov.